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Poland

Agricultural Situation

Rural Development Program 2007-2013

2007

Approved by:

Ed Porter, Agricultural Counselor
U.S. Embassy

Prepared by:

Ed Porter, Piotr Rucinski

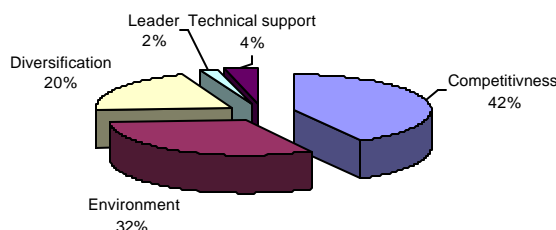
Report Highlights:

The EU approved Euro 17.2 billion for Poland's Rural Development Program for 2007-2013 (RDP). The EU will fund 77 percent of this amount and the Polish government the remainder. With this approval, Poland will be the largest beneficiary of RDP within the EU.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Warsaw [PL1]
[PL]

On July 24, 2007 the EU approved Poland's Rural Development Program for 2007-2013 (RDP). Total approved funding is Euro 17.2 billion (US\$ 23.7 billion), of which 77 percent will originate from the EU and the rest from the Polish government. The RDP for Poland is a part of the EU's cohesion policy, the goal of which is to help member states achieve a standard level of development. Poland will be the largest beneficiary of RDP funding in the entire EU 27. Within Poland, the Agency for Restructuring and Modernization of Agriculture (ARMA) will be responsible for administration of the RDP.

Allocation of Funds for RDP 2007-2013



Key Program Sections

There are four key parts of the RDP:

1. Improve the **competitiveness** of the agriculture and forestry sectors
2. Improve the **environment** and develop rural areas
3. Improve the quality of life and economic **diversification** in rural areas
4. **Leadership** development

- Improve the competitiveness of the agriculture and forestry sectors: This part includes using financial incentives, such as early pensions or buyouts for older farmers, and preferential credits and grants for young farmers, to gradually remove uncompetitive farms and reduce the number of farmers in Poland. These incentives are the largest activities within this part of the RDP. Farmers will also be able to receive funds for the purchase of land, machinery and computer equipment, construction and modernization of farm buildings and the creation and modernization of orchards. Food processing firms will be able to receive funds for the construction and modernization of buildings, and the purchase of machinery and storage and transportation equipment.

- Improve the environment and develop rural areas: This part will be carried out through support to farms located in mountainous areas and other areas with difficult conditions of farming. Also, farms located in special conservation areas will receive payments. Reforestation and specified on-farm environmental activities will also be supported under this section of the program.

- Improve the quality of life and economic diversification in rural areas: This section will cover support for new jobs, including diversification of economic activities towards non-agricultural activities, micro-entrepreneurship of rural population and the development of services for rural areas.

- Leadership development: Under this section, assistance will be provided to create local management opportunities and develop inter-regional cooperation.

- Technical Support: This section will cover all administrative costs of the program.

Possible Impact

Apparently, a key EC goal of this program is a gradual reduction in the number of Polish farmers, currently estimated at nearly 2.0 million, about the same number as there are in the United States. A knowledgeable local contact opined that he doubted the program would have much impact on the number of small farms in Poland, at least in the short- to mid-term, and pointed to Germany and France as examples of EU members long subject to restructuring, yet still known for their numerous, small family farms. (According to EU data, the number of small farms (less than 5 hectares) in these two countries has fallen about 5 percent annually between 2003-05.)

In the long run, Poland is expected to follow the same pattern of a decreasing number of small farms and an increasing number of large, economically viable farms, as has occurred throughout the EU. The rate of change in Poland may take longer than in most other EU member states, however, because Poland is starting with a larger number of small, subsistence farms. More details about other possible major impacts of the RDP on Polish agriculture will be provided in a separate report.